



Washington State Office of Administrative Hearings

Efficiency Review

Executive Summary of
Findings & Recommendations
May 12, 2010

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I. Study Overview and Objectives

The mission of the Washington State Office of Administrative Hearings (OAH) is to conduct timely, quality, independent administrative adjudications for appellants from various public agencies. OAH has been active in its attempts to improve process efficiency, effectiveness, and the overall quality of service to its agency customers. In keeping with that theme, OAH contracted with Framework LLC to plan, conduct and document an efficiency review of the agency. Results from this review will be used to update the agency's strategic plan and to guide future budget requests for information technology to support effective case management.

The objectives of this review were to:

- Review and document work processes, practices and procedures and make recommendations on methods to improve efficiency and service delivery.
- Assess OAH's current case management capabilities. Describe how case management tools, practices and processes at OAH function.
- Identify improvements in process, procedure, methods and systems of case management.
- Identify ways to use technology to improve process efficiency.
- Identify ways for OAH to calculate required staffing levels, in order to be more "nimble" in staffing to fluctuations in caseloads and funding.
- Make recommendations about the location and use of OAH's leased facilities.

To complete this review, we:

- Interviewed headquarters employees, including OAH's Chief and Deputy Chief Administrative Law Judge, Financial Manager, and Technology Manager.
- Visited each of OAH's five offices (Seattle, Spokane, Olympia, Yakima and Vancouver) to interview Assistant Deputy Chiefs (ADCs), Administrative Law Judges (ALJs) and support staff. During site visits we observed work processes, physical space, and collected document samples.
- Developed, analyzed, and compared process flow diagrams of the primary work processes in each office.
- Interviewed selected customer representatives and stakeholders.
- Reviewed published comparisons of OAH with other centralized administrative hearings agencies.
- Reviewed agency performance against performance objectives.
- Analyzed workload, staffing, budget and facilities information.
- Examined the use of information technology to support business processes and practices.

Detailed findings, recommendations, and a tentative implementation plan are included in the full study report.

General Findings

I.A OAH Strengths

- OAH's cost per hearing is low compared to peers in other states. According to a survey of 24 states with centralized administrative hearing panels OAH's 2009 cost per hearing (total agency budget divided by number of hearings) was \$281 as compared to the survey median average cost of \$747 per hearing.¹
- OAH employees are hard-working and mission driven.
- Offices and employees have been empowered to make improvements in their processes and practices. Many notable practices have emerged as a result.
- Support staff in smaller offices are located together and near ALJs, promoting teamwork and communication.
- OAH appears to have a good working relationship with its major customers. Our interviews suggest that this relationship continues to improve.

I.B Challenges to Efficient and Effective Case Management at OAH

➤ Work processes and practices vary from office to office.

- Work processes and delegation of roles and responsibilities in field offices have been driven by the ways that Assistant Deputy Chiefs (ADCs), ALJs and support staff in each office prefer to operate.
- Few, if any, standard business processes or work procedures are applied statewide. We observed differences in the following areas:
 - Points of customer contact for appeals
 - Processes and policies for scheduling hearings, postponements and continuances.
 - Willingness to set hearings to accommodate parties' schedules.
 - Case file formats.
 - Form, content and timeliness of notices.
- Even small variations in procedure (file format or setup, for example) affect the ability of offices to share work between employees or between offices.

➤ Processes are paper-intensive.

- OAH processes are paper-intensive and rely on hard copy case records. Processes are inherently inefficient due the need to physically produce, move, file and find documents. Only one person can have access to the case file at any given time, limiting the ability to conduct work processes in parallel.
- A significant amount of support time is spent setting up physical case records (sorting, hole punching, marking, & copying).

¹ "2009 Comparison of States with Centralized Administrative Hearings Panels", prepared by the Louisiana Division of Administrative Law.

- Teleworking ALJs may take original files or materials with sensitive information off-site, compromising security of appellant information and risking document loss.
- ESD Unemployment Insurance requests for hearing and related documents are transmitted electronically, converted to hard copy, and then imaged again for final storage by the State. OAH is missing an opportunity to use and share these documents electronically.

➤ *Physical space is inadequate and poorly designed in some offices.*

- Spokane and Yakima offices do not have adequate private hearing space, and must conduct hearings at an open desk or in a shared office.
- Judges in Seattle and Yakima share work spaces, and use portable storage for files and supplies.
- Most offices have difficulty finding space for pro tem ALJs to work or to hold hearings.
- Support staff in the Seattle office are placed together desk to desk with no cubicle walls. They are not located to facilitate effective work flow.
- Support staff desk configurations do not generally allow for systematic filing and storage of in-process work. All offices could use improved shelving and storage bins to efficiently and neatly house various files that are sorted by program and due dates.

➤ *Certain customer practices and policies impact OAH's ability to be efficient and effective.*

- Division of Child Support Hearings Officers frequently use the first 15-20 minutes of OAH hearing time to meet with clients and attempt to settle cases. While this practice does enhance the potential for parties to reach a mutually agreeable determination, it compromises the daily calendar and requires offices to re-schedule any appeal that does not settle.
- In some offices, OAH has effectively delegated control over DSHS hearing schedules to Division of Child Support Claims Officers. This may compromise the agency's role as an independent arbiter.
- DCS's policy is that Hearings Officers may hold a client's Request for Hearing for up to 20 days before submitting it to OAH. This arrangement was negotiated with OAH, but may compromise the client's right to a timely hearing.
- ESD holds OAH accountable for a process that OAH has no control over. Processing timeliness is measured from the time that a claimant files an appeal with an ESD Telecenter to the time that an order is mailed. OAH does not have control the appeal between the date it is filed with ESD and the date that a Request for Hearing is received by OAH. Interviews with ESD representatives suggest that this elapsed time is no longer than five working days.
- ESD Requests for Hearing and supporting materials are e-mailed to OAH in two separate e-mail messages. It is very time consuming for OAH employees to download the files, transfer them to a drive for printing, print files, delete the files, match the information from the two emails, and sort and prepare the paper file.

I.C Challenges to Performance, Service and Decision Quality

➤ *Variations in policy, processes and procedures make customer/stakeholder interactions with OAH more difficult.*

- Customers/ stakeholders we interviewed identified examples of differences between offices that make it more difficult for them to work with OAH, including:
 - Different points of contact for information about appeals and their status.
 - Policies and processes for ordering postponements and continuances.
 - Processes for scheduling hearings, and willingness to accommodate attorney's or witnesses' schedules when setting a hearing.
 - Form, content and timeliness of notices.

➤ *OAH is managing to timeliness standards, and not necessarily to standards of justice or quality.*

- Timeliness measures dominate OAH performance reporting. This is due in large part to requirements set forth by the Employment Security Department, OAH's largest customer.
- The agency's primary assessment of decision "quality" is based on periodic reviews of a very limited sample of cases and decisions. We found limited evidence that decisions are reviewed for quality before they are mailed.
- Employees perceive that performance objectives and measurements are punitive and don't always make sense. Some offices believe they are not given the opportunity to analyze and explain variations from "standards". (The Spokane office is an exception, since it has found ways to use performance statistics to rally employees in every position towards common goals and to encourage creativity.)
- Some customers/stakeholders believe that OAH manages the hearing process with little regard for the convenience and desires of the participants. Scheduling policies and practices vary from office to office. DSHS Hearings Coordinators believe that half-hour allotments for hearings are inadequate, resulting in poor customer service to appellants.

➤ *Customer fee structures and performance requirements result in different levels of customer service and quality.*

- The Office of the Superintendent of Public Instruction (OSPI) fully funds OAH's costs to hear its appeals and also provides annual training for all employees involved. Based on our interviews with the dedicated OSPI unit employees in Seattle it appears that a very high level of service is provided and OSPI is pleased with OAH's services.
- ESD's payment for UI hearings is driven by U.S. Department of Labor regulations. OAH "earns" reimbursement of its expenses based on the number of appeals closed in a given time period. ESD pays for timely production, and as a result UI cases are heard and decided quickly.
- DSHS is the only customer with which OAH maintains an Interlocal Agreement. The agreement defines performance and service requirements, but not billing or cost-reimbursement.

- OAH's expenditures per order issued or appeal closed vary significantly for each caseload, and range from a low of \$213 appeal closed for ESD to a high of \$15,706 for each order issued for OSPI. These differences reflect the level of effort required to close each case, but are also indicative of differences between customers in terms of reimbursement structures and expected service levels.

I.D Challenges to Providing Access to Justice for Appellants

➤ Limited-English Speaking (LES) appellants face barriers to access to justice.

- Decisions and Orders, Notices and other documents are not translated for Limited English Speaking (LES) appellants. Stakeholders are concerned that LES appellants may not be making use of available translation services.
- Translator services are difficult to use in a telephone conference hearing, and reduce the effectiveness of communication between the appellant and the translator.
- The WebEx telephone conference system was piloted without correcting the automated hearing notice from the ACTS system. Duplicate messages added to confusion for all appellants, particularly those with limited English proficiency.

➤ Certain OAH policies and practices may compromise the ability of appellants to obtain access to justice.

- In the interest of timeliness, hearing postponements for ESD cases are discouraged in some offices and routinely denied in others, even if the appellant can show good cause. Stakeholders are concerned that this practice impacts appellants who are attempting to secure low-cost representation under very tight timeframes.
- Stakeholders are concerned that pro se appellants do not have the ability to adequately represent themselves. Many do not understand what type of evidence they should produce to support their appeal or know how to obtain the information they need.

I.E Impact of Information Technology on Efficiency, Quality, and Service

➤ OAH's use of three different case tracking applications reinforces the variability of work processes and reduces overall efficiency.

- Case management activities are supported at OAH by three separate case tracking applications: ACTS, HATSS, and CATS. Business processes for each major caseload (ESD, DSHS, and "specials") have evolved to match differences in these applications.
- Key functions such as appeal set-up, hearing scheduling, notice generation, and entry of resolution or disposition are executed differently in each application. Because of these differences, work processes that could be the same for all customers (appeal set-up and hearing scheduling for example) are executed differently.
- Few employees have access to and are trained in all three case tracking applications.

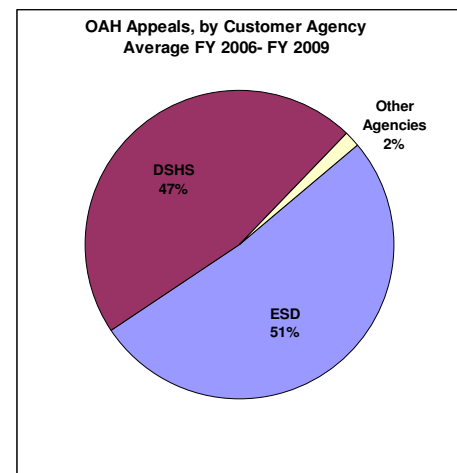
- *OAH's case tracking applications do not have the functionality required to support efficient and effective case management, and have outlived their usefulness.*
- ACTS, HATSS and CATS are case-tracking, not case management applications. They lack functionality to support the day-to-day oversight of each appeal as it moves toward resolution.
 - There is no central, real-time view to all appeals that are in process at OAH at any given time. Appeals are identified in three separate applications depending on customer and program.
 - Functions that are absent or poorly supported in these applications include:
 - Calendaring/scheduling
 - Pre-population of key documents (notices, decisions) with data and basic narrative. (Only ACTS supports this function; the others do not.)
 - Automated ticklers or reminders that an action is due.
 - Event tracking
 - Management reporting.
 - Employees do not rely on these applications for case or information management. Instead, important information is captured manually in many places.
 - Applications are based on antiquated technology platforms and use outdated versions of data base and word processing applications.
 - Some employees complained about the lack of training and support provided for these applications.
- *The process used to check-in telephone hearing parties is overly time-consuming and disruptive to other support work activities.*
- This problem should be eliminated with the planned statewide implementation of WebEx teleconferencing.

II. Workload & Staffing Findings

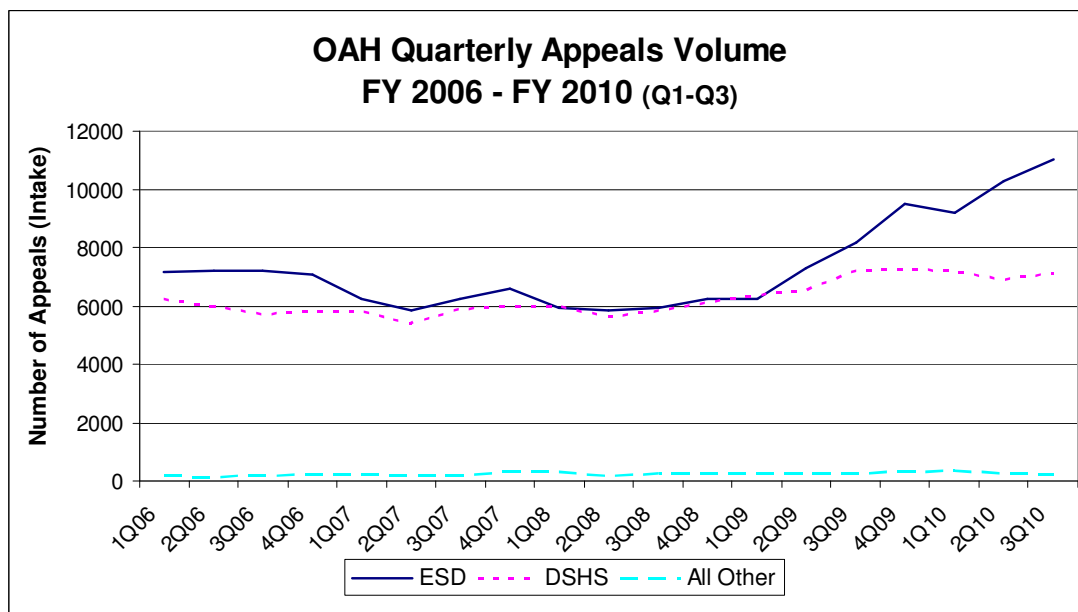
II.A Workload Overview

- While OAH hears appeals from a wide variety of state and local government agencies, OAH's caseload is dominated by its two largest customers.

- In FY 2008-2009 OAH received appeals from over 35 unique agencies.
- Appeals from ESD and DSHS account for 98% of the total OAH appeals caseload. The majority of ESD appeals are related to claims for Unemployment Insurance.
- Most DSHS appeals are received in for Public Assistance programs (52% of DSHS appeals) and Child Support (45% of DSHS appeals).



- The volume of Employment Security appeals has increased significantly since the beginning of FY 2009, while the volume of other customer appeals has increased gradually or remained stable.



Source: OAH 2010 "Tracker Report" (Corrected)

- The total number of appeals that OAH received from ESD in the third quarter of FY 2010 was 77% greater than the appeals received during the first quarter of FY 2009.
- UI workload is seasonal. The current economic downturn has significantly increased the number of claims, but the basic seasonality pattern has not changed. UI claims

volumes begin to rise in October, peak in December and January, and decrease by April each year.

➤ Workload varies significantly between offices.

- In FY 2009, the number of appeals received per month per Full Time Equivalent ALJ position ranged from a low of 60.48 in Seattle to a high of 92.85 in Vancouver.
- Differences in workload are a function of appeal assignment policies:
 - Historically, the Vancouver, Seattle, and Olympia offices have received a designated number of ESD appeals directly from ESD Telecenters. Any remaining appeals are distributed to Spokane and Yakima.
 - DSHS appeals are assigned based on the location of the customer office in which the appellant filed.
 - Other customer appeals (“specials”) are received centrally and distributed to offices based on capacity.
- OAH is currently testing and implementing centralized receipt and distribution of ESD appeals.

II.B OAH’s Ability to Manage Workloads

We evaluated OAH’s ability to manage its workload by examining its performance against key measures (timeliness, work quality) and by looking for evidence of work backlogs:

Performance Against Key Measures

➤ OAH failed to meet timeliness requirements for Unemployment Insurance appeals in 2009, but is achieving most standards in 2010.

- During FY 2006-FY2008, OAH exceeded the U.S. Department of Labor’s 30, 45 and 90 day standards for timely processing of unemployment insurance appeals.
- For a nine month period beginning in January of 2009, OAH failed to meet all three timeliness standards
- By March 2010 OAH was reaching or exceeding all targets except for the Department of Labor’s 45 day target.

➤ OAH is meeting internal timeliness standards for all non-Unemployment Insurance appeals.

➤ OAH is meeting U. S. Department of Labor performance standards for casework quality, but standards alone provide an incomplete picture of case quality.

- OAH exceeds US Department of Labor quality standards for Unemployment Insurance appeals, as determined by sample case reviews. OAH also exceeds these standards for non-Unemployment Insurance cases. However, case file reviews are extremely limited in number. In FY 2009, 138 decisions were selected for review out of a total of 56,198 appeals closed.
- Performance standards do not take into consideration corrections made by ESD’s Non-Monetary Unit after informally consulting with OAH. These include typographic errors and inconsistencies in the narrative, for example.

- Reconsiderations are another indicator of the quality of OAH decisions. The number of reconsideration orders appears to be increasing. In FY 2008 5.8% of all DSHS decisions were ordered to be reconsidered. During the first half of FY 2010 8.3% of DSHS decisions were ordered to be reconsidered.

Work Backlogs

➤ *Work backlogs (accumulations of unfinished work) have been reduced in the Employment Security caseload.*

- The ESD Unemployment Insurance backlog that existed from July through December of 2009 has been reduced. ESD appeal closures exceeded intakes during the first half of 2010, indicating that OAH is actively reducing earlier backlogs.² As of March 31, 2010 UI appeals were being closed within 90 day requirements and the average median age of outstanding appeals had been reduced significantly from 2009 levels.
- DSHS appeal intakes exceeded closures beginning in the final quarter of FY 2009 and extending through the first half of FY 2010, indicating that a backlog in that caseload may have formed. This trend had reversed by March 31, 2010, but without information about the median age of appeals it is difficult to know if backlogs are forming in this caseload.

Staff Utilization and Assignment

➤ *Evidence suggests that OAH is understaffed.*

- OAH's average hearings caseload per ALJ is high when compared nationally. In a 2009 comparison of 24 states with centralized administrative hearings panels, Washington ranked fourth highest in average annual hearings caseload per ALJ.³
- The agency's Time Management System (TMS) provided evidence that employees in Yakima, Vancouver and Olympia worked in excess of 40 hours per week during FY2009. Anecdotal reports from our interviews confirm this.
- OAH has not staffed to its budgeted (approved) level of FTE positions during the last three fiscal years. OAH budgeted 166.50 FTE in each of the last three fiscal years, but recorded actual (expended) FTE positions of 130.57 on average. This number has increased to 144.47 in FY 2010.
- OAH has not staffed to the maximum levels authorized by the U.S. Department of Labor for work on the Unemployment Insurance caseload. ESD representatives we interviewed suggest that OAH may be understaffed by as many as 17 FTE positions in the UI program.
- Assistant Deputy Chief Judges (ADCs) assist with case-related work. In some offices, this work is significant. Estimates provided by ADCs in each of the five offices ranged from 10% to 80% of total time devoted to case work.

² For the period July 1, 2005 through December 31, 2010 we compared appeal intakes and appeal closures. Intakes were lagged by one quarter to reflect OAH's stated goal that most appeals (80%) should be closed within 90 days of the date that the appeal was received.

³ 2009 Comparison of States with Centralized Administrative Hearings Panels, conducted by the Louisiana Division of Administrative Law. (It should be noted that Washington is one of only two centralized panel states that conducts Unemployment Insurance hearings.)

➤ OAH is not fully utilizing its available headcount.

- During FY 2009, 165 individuals worked the equivalent hours of 111.21 FTE positions, indicating that only 67.4% of OAH's total field headcount was utilized during that period. This is indicative of the use of part-time employees and/or possible high turnover in some offices.
- The Seattle office had the lowest utilization of headcount. In FY 2009, 71 employees worked the equivalent of 42.14 FTE positions for a utilization of 59.2%.

➤ Pro tem ALJs are an underutilized resource.

- During FY 2009, 52 individuals were identified as pro tem ALJs in OAH's Time Management System. On average, each pro tem ALJ worked the equivalent of .32 FTE.⁴
- Pro tem ALJs determine their own available hours and schedules. It does not appear that they are required to work a minimum number of hours, and maximum hours are capped by law.

➤ Employee assignment practices vary between offices.

- OAH employees are assigned to cover work in a wide variety of ways. Some of the models we found include:
 - Use of staff assistants. In Seattle, office assistants or legal secretaries are assigned to a set of ALJs. Assistants function in a way that is similar to the use of a bailiff in a traditional court setting.
 - Caseload specialization. In Seattle, ALJs and support staff are organizationally divided into specialized groups for the two major caseloads (ESD and DSHS) and also have a unit dedicated to OSPI appeals. In the Olympia office, support staff are divided into caseload-specific work units. Support staff are not assigned to specific ALJs, but instead perform work for ALJs at large. In Spokane, support staff specialize by supporting specific caseloads and ALJs; however, there are some that can work on any type of caseload and that are mobilized to help where they are needed.
 - Flexible work schedules. In Spokane, each ALJ retains control over his or her work hours and days and is accountable for work performed.
 - Generalist ALJs. In Yakima, ALJs carry "dual caseloads" (ESD, DSHS). Yakima schedules most of its permanent ALJs for both ESD and DSHS hearings. Certain judges also work on cases for other customers, or "special" caseloads.
 - Interpreter scheduler. Seattle uses a full time interpreter scheduler for the DSHS caseload.
 - Teleworking ALJs. Seattle, Spokane and Yakima allow some ALJs to telework from a remote location.

⁴ Source: Time Management System (TMS): data extracted by OAH for FY 2009.

II.C Barriers to Effective Planning and Management of Staffing Levels

- OAH does not have good visibility to the actual effort it takes to complete work on appeals in each office.
 - OAH's time recording application, the Time Management System (TMS), collects a mix of actual and "standard" hours worked, depending on the customer and program type. As a result, there is no source for information about actual hours worked at OAH.
- It is difficult to identify the true staffing resource that is available to complete appeal-related work at any given time.
 - OAH appears to calculate FTE positions as needed for analysis, using reported hours worked as a guide. It is not clear that headquarters identifies or establishes a standard FTE for each permanent position.
 - There is limited visibility to administrative, training or other non-case time that effectively reduces employee availability. Non-case time is not accurately accounted for in the TMS. Except for in specific instances, ALJs and support staff are instructed to charge administrative time to the program they most often work.
 - The number of FTE pro tem ALJs available to do work is difficult to establish. Pro tem ALJs determine their own available hours and schedules. It does not appear that they are required to work a minimum number of hours.
- Existing workload/caseload reports do not provide sufficient information to manage staffing levels or to monitor agency performance.
 - The "Tracker" report includes many views of caseload and performance information, but the reports we examined contained errors, ranging from incorrect calculations within the spreadsheet to differences between spreadsheet and source data.
 - Information important to effective performance measurement and staffing planning is missing from Tracker. This information includes:
 - Appeals pending action (all caseloads)
 - Hearings held, by type (in person, phone) and location
 - Case aging (all caseloads)
 - Continuances granted by appeal type
 - Timeliness of hearing scheduling.
 - Reconsiderations (all caseloads, where appropriate)
 - Number of dispositions other than Initial Order, by type (default, withdrawal, dismissal, postponement) which occur after a hearing has been scheduled.
- Current OAH staffing models are limited in their ability to accurately project and manage staffing levels.
 - A significant part of OAH's workload and staffing planning is driven by the U.S. Department of Labor's Resource Justification Model (RJM). The RJM specifies the number of minutes per unit that can be "earned" for each UI appeal closed. OAH has

no control over this standard number, and cannot establish its own standard based on actual performance.

- OAH establishes production targets, and has determined that ALJs should close between 26-30 ESD cases/week. Similarly, DSHS ALJs are instructed to close 18 DSHS cases per week (78 per month.) Production targets do not take resource availability into consideration. They include an assumption that ALJs may need to work in excess of 40 hours per week to meet targets.
- OAH does not currently differentiate between program types and/or circumstances when establishing production targets.
 - Hours expended by OAH employees to complete work vary significantly by customer and program. In FY 2009, hours ranged from a low of 2.696 hours per Unemployment Insurance appeal closed to a high of 239.761 hours per Office of Superintendent of Public Instruction order issued.
 - Other circumstances are likely to impact the time that it takes to complete work on an appeal. These include, for example, pre-hearing conference, postponements or continuances, need for an interpreter, use of attorneys, multiple parties, complex law, facts, or large dollar impacts on the customer agency or appellant.
- Scheduled hearing lengths vary from office to office, adding to the overall complexity of predicting the time it will take, on average, to complete work on a particular kind of appeal.
- OAH has not yet developed a method for projecting UI appeals volumes based on UI claims forecasts. The ESD UI Budget Office has attempted to share the number of UI claims denied with OAH, but does not know if this information was used.

➤ *OAH is accountable to Employment Security to reconcile staffing levels on a quarterly basis, making it difficult for OAH to make longer-term staffing decisions.*

- OAH and ESD are required to reconcile “earned” FTE positions (based on appeals closed) with “used” staffing levels (actual labor costs paid) on a quarterly basis.
- The frequency of this reconciliation makes it difficult for OAH to establish and hire positions for a base staffing level during the course of a year. OAH is reluctant to establish a base level of FTE positions that might exceed “earned” FTE for any quarter.
- Consequently, OAH tends to be understaffed during peak periods for UI appeals (October through March). On an annual basis, OAH will appear to be understaffed (more positions “earned” than “used”).

II.D Barriers to “Nimble and Flexible Staffing”

➤ *Several factors impact OAH’s ability to be nimble and flexible in staffing to meet workload.* These include:

- Teleworking. Teleworking reduces docket flexibility. Teleworkers may not be able to take new hearings as hearings are cancelled or postponed.
- Specialization of support staff. Assignment of certain tasks (such as scheduling for DSHS cases and “specials”) to specific position classifications in some offices limits the ability of employees in other classifications to cover functions during absences.

- Overall learning curve. There is a steep learning curve for support staff, since processes and procedures vary by caseload and/or ALJ and are not always well-documented.
- Specialization of ALJs. While specialization by caseload or program is preferred by many staff, it can reduce the ability of ALJs to cover backlogged work in other programs.
- Use of pro tem ALJs. Pro tem ALJs expand OAH's qualified pool of judges, but tend to work limited schedules and may not be available to take hearings as the need arises.
- Lack of coverage. Key positions in some offices are not covered in case of illness or vacation.
- Lack of control over certain dockets. OAH has delegated control over the docket to DSHS Hearings Representatives and Claims Officers for certain cases, reducing docket flexibility.
- Hearing scheduling timelines. Requests for hearing must be assigned to an ALJ 5-7 days before the hearing is held (depending on program). This impacts the ability of OAH to reschedule with the next available ALJ. (A workgroup is looking into changing the Washington Administrative Code to correct this.)

III. Leased Facilities Analysis Findings

III.A Overview of OAH Leased Facilities

OAH currently leases work space in seven locations: Tacoma, Everett, Olympia, Vancouver, Yakima, Spokane and Seattle. The Tacoma and Everett locations have hearing rooms only (no assigned employees.) All other locations have a full complement of ALJs and support staff. Olympia houses a field office and OAH headquarters employees.

III.B Findings

We did not have sufficient data to make a determination as to where OAH offices should ideally be located. We did visit each field office and reviewed available facilities lease data. We found the following:

- Historical reasons for locating offices may no longer apply.
 - Historically, OAH and its predecessors located offices to promote appellant access to in-person hearings and to maintain relationships with primary customers in the offices where appeals were generated (DSHS Client Services Offices, ESD offices).
 - Today, relatively few hearings are held in-person. Most hearings are administered via conference call.
 - Major customers have or are changing the way that clients initiate requests for appeals. ESD now takes requests for appeal at telecenters, not local offices. DSHS plans to regionalize Hearing Coordinators and to standardize its hearings practices.
 - To preserve staffing flexibility, it may be more important to locate offices where qualified and available ALJs live rather than where appellants reside or where appeals are generated.
- Offices vary in terms of space allotted for hearings and related casework.
 - Most offices are able to provide for some private office spaces and/or conference spaces that ALJs can use to hold telephone or in-person hearings.
 - Spokane and Yakima offices do not have adequate private hearing space, and must conduct hearings at an open desk or in a shared office. However, the Spokane office recently acquired additional space, which should help to alleviate some of its space problems.
 - Judges in Seattle and Yakima offices share work spaces and use portable storage for files and supplies. Seattle, Spokane and Yakima have difficulty finding space for pro tem ALJs. Support staff in Seattle have very limited space and no cubicle walls.
- Using standard measures, Yakima and Seattle have insufficient space at their current locations.
 - A general industry rule of thumb for space allocation (knowledge or technical workers) is 225 to 250 square feet per person. Comparing available square feet to current headcount, Yakima and Seattle have low allotment of space per person: 189 square

feet per person for Yakima, and 132 square feet per person for Seattle. By comparison, the Vancouver office has 453 square feet per person.⁵

- Actual space requirements per person for OAH may be higher than standard, since offices require some private spaces in which to conduct hearings.

➤ *Lease costs should be compared on a per-headcount basis, and balanced against the quality of work space.*

- Traditionally, leases are evaluated by comparing rates per square foot. By using cost per headcount (employee) instead of cost per square foot, it is possible to even out differences between less-expensive and very expensive real estate markets (such as Seattle).
- As might be expected, lease costs per employee are highest in offices with better work space.
 - On a cost per headcount basis, Vancouver's lease cost is quite high at \$660 per headcount per month. Vancouver also has the most space per employee. Much of that space is in the form of desirable private offices and conference rooms.
 - Yakima's lease cost per headcount is relatively low at \$265 per headcount per month. Yakima has limited space per employee. Yakima does not have adequate private hearing space and has difficulty accommodating pro tem ALJs.
 - At \$357 per headcount per month, Seattle's costs are quite reasonable when compared to other offices. However, the Seattle office clearly has insufficient space for employees, based on standard measures and on field observations. Space for storage, sorting work in process and files is also lacking.
 - Olympia and Spokane's lease costs per headcount are higher than the OAH average. Olympia's lease costs per headcount are \$324; Spokane's cost per headcount per month are \$285. Spokane and Olympia both exceed the rule of thumb for square feet per headcount employee. However, Spokane does not have adequate private hearing space.

⁵ For this analysis, we counted all employees listed on the most recent OAH organization charts. (We did not include vacant positions.)

IV. Technology Assessment Findings

IV.A Current Technology Findings

➤ OAH uses three incompatible case tracking applications.

- OAH currently uses three separate case tracking applications. “ACTS” (Appeal Case Tracking System) is used for ESD cases; “HATSS” (Hearing & Appeal Tracking & Scheduling System) is used for DSHS cases; “CATS” (Client Appeal Tracking System) is use for all other caseloads.
- Each case tracking application is designed to support different business processes, reinforcing process variability between programs.
- Use of multiple case tracking applications increases OAH’s costs to train and support users, and increases the complexity of operating and maintaining critical systems.

➤ Existing case tracking applications are based on obsolete technology and lack vendor support.

- Current case tracking applications are based on technologies and products that are outdated or no longer supported. This impacts OAH in the following ways:
 - OAH is limited in its ability to obtain support and development services from vendors.
 - Any changes in the information technology environment (new versions of Windows, for example) can result in catastrophic failures of obsolete software products.
 - OAH cannot take advantage of employees’ knowledge of common office applications such as Microsoft Word or Outlook. Employees do not have opportunities to enhance their marketable skill sets at OAH.
- ACTS uses distributed architecture. Application data bases are different in each office, and over time have been modified to meet individual office needs.
- OAH has taken actions to reduce its dependence on obsolete technology and move to industry-standard technologies, such as SharePoint. This strategic move is to be commended.

➤ Existing case tracking applications have weak security.

- Each of the existing case tracking systems has poor security and too many “super users”.
- ACTS allows users to create and build documents, including notices and orders. There is no version control and no internal security; any user may modify an existing document. There is no audit trail for document changes.
- Weak security exposes OAH to the potential loss of data and/or inappropriate release of confidential information.

➤ Existing case tracking applications inadequately support operations of OAH.

- OAH personnel have developed a number of manual methods to manage cases and case events. Case tracking applications largely record events and do not automate them.

- Existing applications do not enforce data completeness, quality and timeliness standards.
 - Data integrity is suspect in all applications. Existing applications do not contain data validation rules or enforce valid values. In some cases, users are allowed to leave important fields blank.
 - OAH personnel have little confidence that the information that they retrieve is accurate.
 - Existing applications limit the ability to share information across caseloads and offices. Similarly, they limit the ability to standardize on best practices across the state.
 - Existing applications do not effectively support a single queue, multiple server strategy to managing caseloads.
- Existing case tracking applications limit management effectiveness.
- The existing case tracking applications do not provide management with an agency-wide perspective of caseloads, productivity or other key performance metrics.
 - Existing case tracking systems do not provide management with the ability to identify bottlenecks and delays and to take corrective action.
- Existing case tracking applications present an unacceptable level of risk for OAH.
- Failure of one or more of the current case tracking applications would effectively put OAH out of business until a workaround or replacement was implemented. This not only adversely affects OAH, it may also adversely affect the legal rights and interests of the parties whose appeals are being or should be heard.
 - Actions taken to resolve a case tracking system failure are likely to be much more costly and less successful than a more proactive process to replace case tracking applications.
 - The current case tracking applications should be replaced by a single, state-wide case tracking system.

IV.B Case Tracking System Replacement Options

We identified five options for replacing ACTS, HATSS and CATS. The options are:

1) Maintain the status quo.

- This option presents an unacceptable level of risk to OAH. OAH is strongly urged to not to maintain the status quo in respect to its case tracking applications.

2) Standardize on a single application for all appeal types.

- Each of the existing case tracking applications entails unacceptable risks to OAH.
- The DSHS Interlocal Agreement with OAH states that OAH must use the HATSS system for tracking DSHS cases until OAH and DSHS jointly agree that a new tracking system is needed, a complete business analysis is conducted and any necessary changes are implemented.⁶

⁶ DSHS Interlocal Agreement with OAH, #0961-66242, dated December 16, 2009.

- OAH is strongly urged not to pursue this approach.

3) *Develop a new case management/caseload tracking application*

- While this option would address the risks and other problems inherent with the existing case tracking applications, it is more costly and more difficult (and hence, more risky) than implementing a commercial off-the-shelf case management system (“COTS”).
- Additionally, OAH is very unlikely to receive the level of funding (several million dollars) required to implement this solution.
- This option is not recommended.

4) *Buy a commercial off-the-shelf (“COTS”) case management application.*

- This option is the best long-term option for OAH. In addition to resolving the technology risks associated with the current applications, this option has the potential to provide significantly more functionality to improve efficiency and effectiveness.
- In the current budget environment, this level of capital investment funding may be difficult to obtain. However, the urgent need to address the risks to OAH operations posed by the current applications remains.

5) *Create an interim case tracking solution using standard State of Washington tools and industry standard technologies and products.*

- This option entails developing a single case tracking application combining the best functionality of ACTS, HATSS and CATS for use for all case types and all offices. This will improve the ability of OAH to better manage workloads across the state.
- This replacement system should be built using industry standard technologies supported by the State of Washington. This will minimize vendor- and technology-related risks.
- This solution will largely replicate the best features of the existing applications, but will not likely add significant new functionality from an end-user perspective.
- This option should significantly improve the ability to collect and report key performance data by type of case, by office and on a state-wide basis.

IV.C Technology Opportunities

In addition to the urgent need to replace the current case tracking applications, we recommend that OAH:

- Consider using Outlook for scheduling hearings and other events.
- Consider using Word for document creation.
- Use SharePoint to share documents and files electronically state-wide.
- Use replacement of the existing case tracking applications as an opportunity to review and improve system and data security.
- Improve data quality. Any project to replace the current case tracking applications should include a significant effort to assess data quality.

V. Recommendations

Below is a summary of our recommendations. Details are described in Section VI of the report.

Policy, Practice and Process Recommendations

- P1 – Streamline, standardize, and document processes and policies statewide.
- P2 – Manage files and case-related information.
- P3 – Consider new models for employee assignments.
- P4 – Clearly identify responsibility for each appeal and accountability for overall case flow.
- P5 – Take actions to ensure access to justice for Limited English Proficiency appellants.
- P6 – Continue to improve training for support staff and ALJs.
- P9 – Balance performance expectations.
- P10 – Work with stakeholders to set service level expectations.
- P11 – Fully leverage existing office technology to support case management, electronic document management, communication and reporting.

Workload & Staffing Recommendations

- W1 – Explore strategies to balance workload between offices.
- W2 – Maximize efficiency of dockets/calendars.
- W3 – Develop a simple weighted caseload model.
- W4 – Improve the weighted caseload model over time.
- W5 – Confirm OAH's available staffing resource.
- W6 – Use the Time Management System (TMS) to track actual hours worked instead of standard hours worked.
- W7 – Explore options for making pro tem ALJs a more predictable, cost-effective staffing resource.
- W8 – Audit and correct key management reports used to support performance reporting, workload and staffing analysis.
- W9 – Work with ESD to forecast Unemployment Insurance appeals workload.
- W10 – Hire additional ALJs to support the ESD Unemployment Insurance caseload.
- W11 – Negotiate staffing reconciliation timeframe with ESD.

Leased Facility Recommendation

- L1 – Complete further analysis to support decisions about leased facilities.

Technology Assessment Recommendations

- T1 – Implement a single, organization-wide case tracking system.
- T2 – Migrate to electronic document management.
- T3 – Continue migration to industry standard technologies.